



Kingman Municipal Airport Private Aircraft Storage Fee Adjustment Public Notice Report

The City of Kingman, Arizona is proposing adjustments to fees for Private Aircraft Storage at Kingman Municipal Airport. Below is a summary of the process that we have undertaken to determine the appropriate fees based on market conditions

Process History

In 2018, at the request of City Management, the Interim Airport General Manager at Kingman Municipal Airport (IGM) conducted an informal survey of T-Hangar rental rates at airports in the regional market (Lake Havasu City, Laughlin-Bullhead City, and Boulder City, NV) and airports in the Phoenix Metropolitan Area (Deer Valley, Goodyear, and Falcon Field). The data was also updated in 2020 to ensure no significant changes had occurred. The rates surveyed were for the monthly rental amounts for each hangar. An analysis and comparison of the local market group and full sample group was completed and the results indicated that rates at IGM were consistent (actually below) with the regional market and slightly higher than the sample group that included Phoenix airports.

In 2020, a consultant study was commissioned to evaluate the aircraft storage rates at IGM compared to other airports in the State. This study was completed in September 2020 and the report was transmitted to airport staff. The conclusions were that hangar rates at IGM were only slightly higher than the State average but suggested that the market would equalize. The report recommended an increase in covered tiedowns and open tiedowns and to implement a CPI adjustment to all storage agreements.

Starting in 2020 and completed in 2021, the Airport and Industrial Park Advisory Commission conducted a separate research and analysis project for the IGM aircraft storage rates. The Commission concluded that a slight increase in covered tiedown rate was warranted, the open tiedown rates should remain as current, and that all hangars rates should be lowered. The Commission also made recommendations and observations regarding fuel flow fees and commercial aircraft storage.

All three processes recommended that a Consumer Price Index adjuster should be added to **ALL** private aircraft storage agreements and those agreements that currently have a 3% annual adjuster be converted to the CPI adjustment.

The following is a summary and comparison of the proposed rate changes as determined by research conducted by the three processes. The conclusions and recommendation information presented below for the three processes is excerpted from each report exactly as it was stated in the three reports.

Consultant Study Recommendations:

- While IGM's current rates for box and T-hangars are already slightly above average, IGM may consider its options based off of the comparable rates provided for in the analysis. This decision should consider IGM's hangar vacancy factor, operating costs and demand, and keeping in mind that each Airport is uniquely situated, and must seek to remain self-sustainable.
- Adjust the shadeport parking/storage rate to \$125.00 per month.
- Adjust the tie-down parking/storage rate to \$75.00 per month.
- As part of the Airport's Rate and Fee setting process, IGM should consider implementing an annual rate and fee adjustment by either a cost of living (CPI) index, or a fixed percentage increase. The IGM rates and fees should be evaluated every 5 years by appraisal to confirm comparable rates remain current with changing economic conditions and demand.



Airport and Industrial Park Commission Study Recommendations

- Reduce the rate of (Newer) T hangers moving it closer to the median cost of \$.21 per square foot
- Reduce the rate of (Older) T hangers moving it closer to \$.17 per square foot.
- Reduce the Executive hangar rate down to approximately \$.27 per square foot.
- Increase the rate of Shade hangers to \$85 per month.
- Continue the outside tie down storage rate at \$25 per month.
- Consider increasing the fuel surcharge which is currently at \$.04 per gallon
- Commercial aircraft storage to remain the same until further in-depth studies can be made.
- Eliminate the automatic 3% increase per year on all General Aircraft (G.A.) storage.
- Whatever levels such fees are adjusted to, review all fees after 12 months, with any increase to be tied to the CPI, not to exceed 3%. Thereafter. review every three years.

Airport Staff Study 2018/2020

Conclusion: Current **average** hangar rental rates at Kingman Municipal Airport (IGM) are \$316.54 and are significantly less than the regionally compared rates. While the IGM rates are approximately 29% higher than the average rates in the Phoenix Area, when compared to the entire sample group, the IGM rates are still less than the group average by approximately \$20.00 per month. While this comparison was conducted using a fairly small sample group it did evaluate the regional market as well as a metro area sample for comparison. Based on the information gathered and compared, the hangar rates at IGM are at or below the current fair market value.

As a result of all the research and analysis, Kingman Airport staff have determined that most fees associated Kingman Municipal Airport are consistent with market conditions and do not require adjustment beyond keeping pace with overall inflation. Covered Tiedown (CTD) fees are below the market average and should be adjusted upwards. Staff determined that the appropriate CTD rate should be less than proposed by the consultant and more than proposed by the Commission to achieve consistency with the market conditions. All study processes recommended, and Airport staff concurred, that a Consumer Price Index adjuster should be added to **ALL** private aircraft storage agreements and those agreements that currently have a 3% annual adjuster be converted to the CPI adjustment.

Kingman Municipal Staff have recommended the following Private Aircraft Storage fee increases

- Covered Tiedown rates increase from \$75.00 to \$100.00 per month.
- All Private Aircraft Storage Agreements will be adjusted upward annually by the Consumer Price Index on 01 July of each year to maintain currency with inflation.

Kingman Municipal Airport Staff have recommended the following Private Aircraft Storage fees remain unchanged

- Open Tiedown Rental rates remain at the current monthly rate of \$25.00 per month.
- Executive Hangar rates remain at the current monthly rate of \$551.29 per month.
- T-Hangar rates remain at the current monthly rate of 356.37 (B&C Hangars) and 276.70 (D Hangars) per month.

Additional detailed information will be submitted for the City Council Agenda for the Formal City Council meeting on 06 July 2021 at which the Airport Private Aircraft Storage Fee Adjustment will be presented for final consideration. If adopted, the changes to the fee schedule would become effective on 01 September 2021.